



[Home](#) › [Statistics](#) › [Economy](#) › [Price indexes and inflation](#) › [Wage Price Index, Australia](#) › June 2021



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Wage Price Index, Australia

The WPI measures changes in the price of labour, unaffected by compositional shifts in the labour force, hours worked or employee characteristics

Reference period June 2021

Released 18/08/2021

On this page

[Key statistics](#)

[What's new this quarter](#)

[Overview](#)

[Wage growth by sector](#)

[Wage growth by industry](#)

[Wage growth by states and territories](#)

[Spotlight: exclusion-based annual measure of the WPI](#)

[Survey impacts and changes](#)

[Data downloads](#)

[Using price indexes](#)

[Post-release changes](#)

[Methodology](#)

[Media releases](#)

Key statistics

In June quarter 2021 the seasonally adjusted WPI:

- Rose 0.4% over the quarter and 1.7% over the year.
- Also rose 0.5% in the private sector and 0.4% in the public sector.

Wage Price Index (WPI) Total hourly rates of pay excluding bonuses

	Mar Qtr 2021 to Jun Qtr 2021 % change	Jun Qtr 2020 to Jun Qtr 2021 % change
Trend(a)		
Australia	na	na
Private sector	na	na
Public sector	na	na
Seasonally Adjusted(b)		
Australia	0.4	1.7
Private sector	0.5	1.9
Public sector	0.4	1.3
Original		
Australia	0.3	1.8
Private sector	0.3	1.9
Public sector	0.2	1.3

a. See Interpretation of index numbers, Trend estimates on the Methodology page.

b. See Interpretation of index numbers, Seasonally adjusted indexes and Seasonal analysis on the Methodology page.

What's new this quarter

This issue includes:

- An update on the recent review of seasonal adjustment factors

Overview

The private sector was the main driver of change this quarter supported by subdued public sector growth.

The three largest states were the main contributors to growth: New South Wales, Victoria, and Queensland.

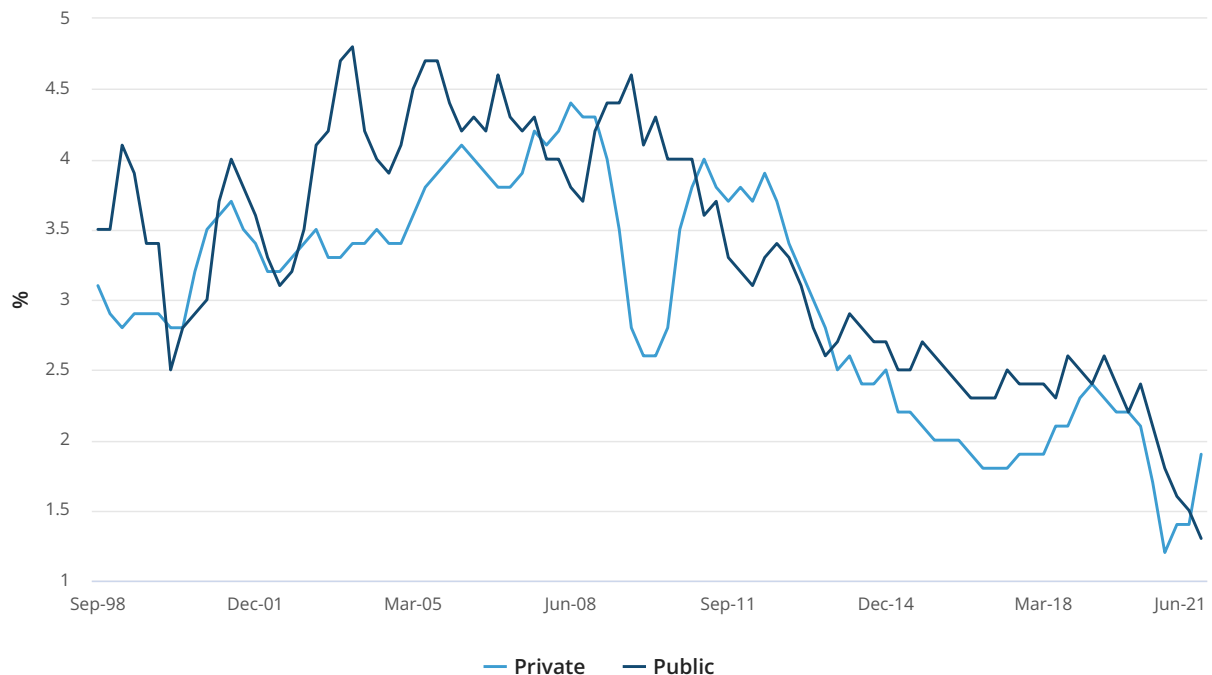
The main industries contributing to growth this quarter were Construction, Professional, scientific and technical services and to a lesser extent Manufacturing and Education and training.

Wage growth by sector

The rate of through the year wage growth for the private sector rose 1.9%, remaining below

the pre-pandemic March quarter 2020 growth rate of 2.1%. The public sector through the year growth has continued to decline over each of the last five quarters and reached a series-low rate of 1.3% in June quarter 2021.

Annual changes, seasonally adjusted, 1998 to 2021



Private sector growth remains subdued

Private sector wages rose 0.5% in June quarter 2021. The private sector returned to a similar rate of June quarter growth to that recorded before the start of the pandemic disruption. Growth was generally subdued, with small pockets of wage pressure emerging for jobs with particular skill requirements. In addition this quarter saw a number of businesses revisiting wage and salary reviews postponed during 2020.

Public sector growth tracks below private

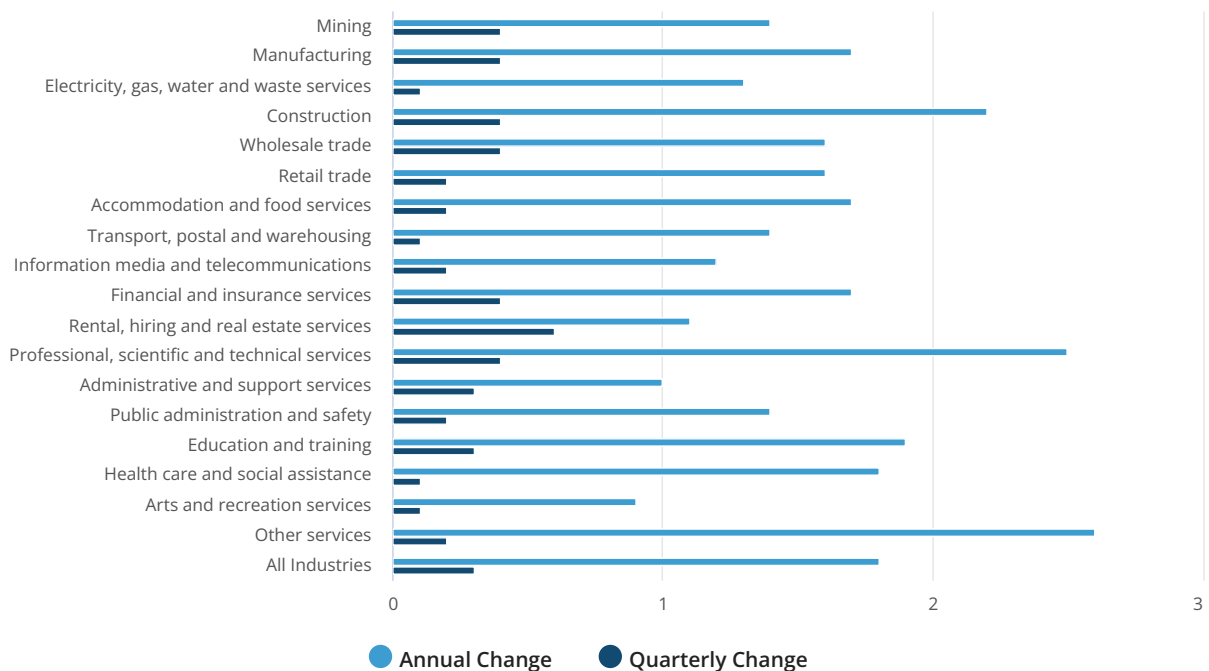
Wage growth for the public sector remained at 0.4% for the third consecutive quarter and continued to track below the private sector. Ongoing enterprise bargaining negotiations, capped increases and pay freezes continued to dampen public sector growth.

Wage growth by industry

Original estimates:

- Electricity, gas, water and waste services, Transport, postal and warehousing, Health care and social assistance and the Arts and recreational services industries each recorded the lowest quarterly rise of 0.1%.
- Rental, hiring and real estate services recorded the highest quarterly rise of 0.6%.
- Arts and recreation services recorded the lowest rise of 0.9% compared to this quarter last year.
- Other services industry recorded the highest through the year rise of 2.6% reflecting the unwinding of wage reductions in September and December quarters 2020.

Annual and quarterly changes, original, total hourly rates of pay excluding bonuses - industry

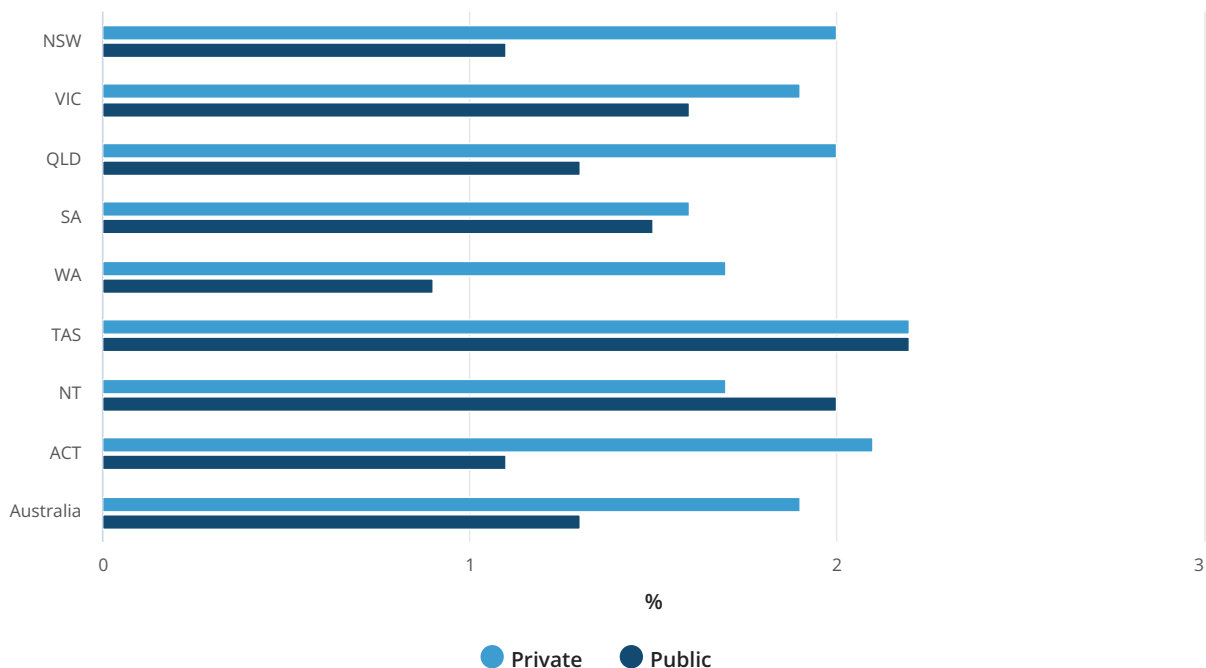


Wage growth by states and territories

Original estimates:

- Australian Capital Territory recorded the highest quarterly rise of 0.6% driven by the private sector.
- The Northern Territory recorded the lowest quarterly wage index rise of 0.1%.
- Tasmania maintains the highest through the year rise of all the states and territories for the third consecutive quarter at 2.2%.
- South Australia and Western Australia recorded the lowest through the year rise of 1.6%.

Annual change, original, total hourly rates of pay excluding bonuses - states and territories



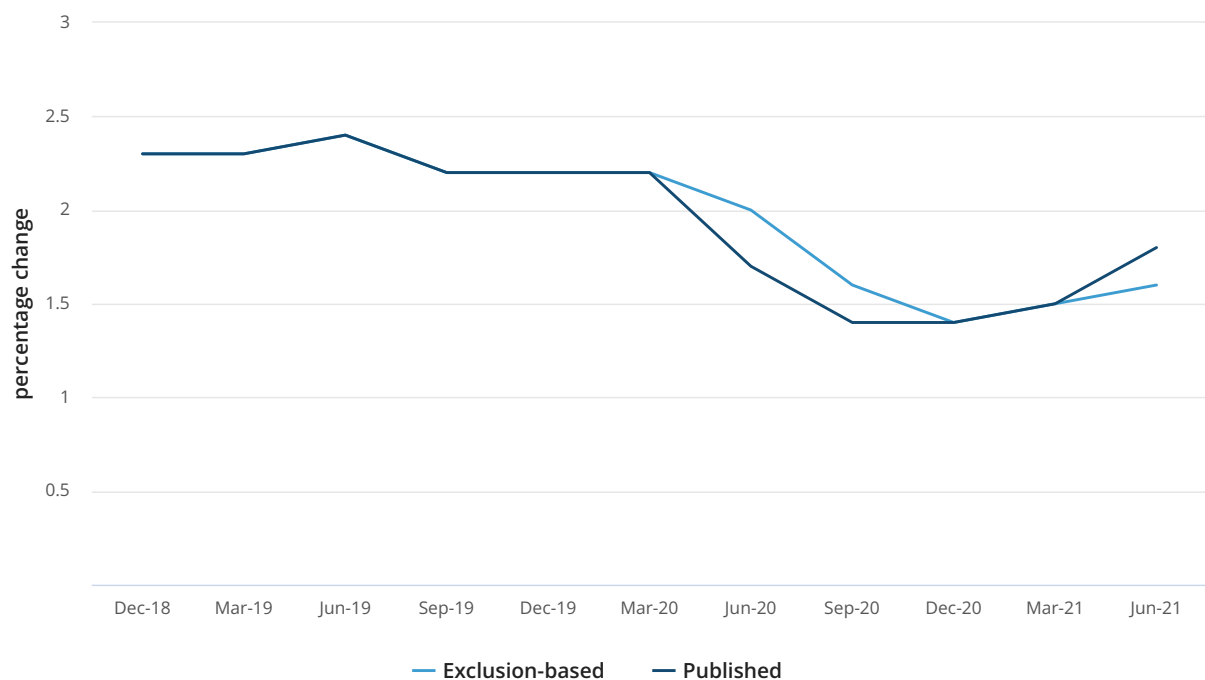
Spotlight: exclusion-based annual measure of the WPI

In the December quarter 2020 release ([Spotlight: exclusion-based measure of the WPI \(/statistics/economy/price-indexes-and-inflation/wage-price-index-australia /dec-2020#spotlight-exclusion-based-measure-of-the-wpi\)](#)) the ABS provided an indicative measure of underlying quarterly wage growth which removed the volatile effects of large

wage reductions for a number of jobs, and then their subsequent return to previous levels.

This initial analysis has been updated to provide a view of how these volatile changes have impacted the annual comparison between June quarter 2020 and 2021.

Annual change, WPI published vs exclusion-based WPI Dec 18 to Jun 21



By removing the effects of these jobs in the exclusion-based index, the rate of growth through the year would have been 1.6% compared to the published WPI of 1.8%.

Survey impacts and changes

Suspension of the trend series

The Wage Price Index trend series was suspended from June quarter 2020 until more certainty emerges in the underlying trend in labour market activity over the COVID-19 period.

Update on seasonal adjustment methods

In the lead up to the June 2020 Wage Price Index release, the ABS advised that the method used to produce seasonally adjusted estimates would change from the "concurrent" method to the "forward factors" method during the COVID-19 period. The forward factors approach is better suited to managing large movements at the end point of series and ensures that these large movements do not have a disproportionate influence on the seasonal factors.

Given the disruption to the labour market during the COVID-19 period and the continuing use of the forward factors method to seasonal adjustment, the ABS recently undertook an extensive annual review of its seasonally adjusted Wage Price Index series. This review followed similar reviews that are progressively being undertaken across the ABS economic statistics program, and the outcome for Wage Price Index was to continue using the forward factors method. Through this process static forward factors were calculated for the next 4 quarters and implemented in the June 2021 release.

Further information can be found in the ABS article published on 23 July 2020 ([Measuring the Wage Price Index during the COVID-19 pandemic \(/articles/methods-changes-during-covid-19-period\)](#)).

The seasonally adjusted Wage Price Index series will continue to use the forward factors method for the foreseeable future and are expected to return to using concurrent adjustment when the risk of disruption from COVID-19 becomes sufficiently low.

Data downloads

I-Note

The wage price indexes in Tables 1, 2b, 3b, 4b, 5b, 7b, 8b and 9b are updated and released every quarter. The corresponding financial year wage price indexes in Tables 2a, 3a, 4a, 5a, 7a, 8a and 9a are updated and released each June quarter for the preceding financial year. There are no financial year indexes created for Table 1.

Time series spreadsheets

[⬇ Download all \(1.01 MB\)](#)

Table 1. Total hourly rates of pay excluding bonuses: sector, original, seasonally adjusted and trend

[!\[\]\(082f818d99f166a3ba574d9284d73064_img.jpg\) Download XLS](#)

[150 KB]

Table 2a. Total hourly rates of pay excluding bonuses: all sectors by state, original (financial year index numbers for year ended June quarter)

[!\[\]\(3d8c13c92b853674f749aac6fa869926_img.jpg\) Download XLS](#)

[87 KB]

Table 2b. Total hourly rates of pay excluding bonuses: all sectors by state, original (quarterly index numbers)

[!\[\]\(fa6f3af6bfa46c5d4a2d362681095beb_img.jpg\) Download XLS](#)

[127.5 KB]

Table 3a. Total hourly rates of pay excluding bonuses: private sector by state, original (financial year index numbers for year ended June quarter)

[!\[\]\(f95dab70c751fda7d824b8b03650f7aa_img.jpg\) Download XLS](#)

[86.5 KB]

Table 3b. Total hourly rates of pay excluding bonuses: private sector by state, original (quarterly index numbers)

[!\[\]\(4688aadfd656ded00cd6bdfae55089a9_img.jpg\) Download XLS](#)

[126.5 KB]

Table 4a. Total hourly rates of pay excluding bonuses: public sector by state, original (financial year index numbers for year ended June quarter)

[!\[\]\(2b17f17ebbacc911bb0ff784ab641779_img.jpg\) Download XLS](#)

[87 KB]

Table 4b. Total hourly rates of pay excluding bonuses: public sector by state, original (quarterly index numbers)

[!\[\]\(bcece9a353e60caece619217f5c1ea39_img.jpg\) Download XLS](#)

[128 KB]

Table 5a. Total hourly rates of pay excluding bonuses: sector by industry, original (financial year index numbers for year ended June quarter)

[!\[\]\(a05a1b59a958625e01d770867ed2a42e_img.jpg\) Download XLS](#)

[214 KB]

Table 5b. Total hourly rates of pay excluding bonuses: sector by industry, original (quarterly index numbers)

[!\[\]\(346f5b9c8222e44e815e44b5dc7c53e5_img.jpg\) Download XLS](#)

[408.5 KB]

Table 7a. Hourly rates of pay including bonuses: sector, original (financial year index numbers for year ended June quarter)

[!\[\]\(ade431365d5a245a24c736a8cc4219e3_img.jpg\) Download XLS](#)

[76.5 KB]

Table 7b. Hourly rates of pay including bonuses: sector, original (quarterly index numbers)

[↓ Download XLS](#)

[104.5 KB]

Table 8a. Ordinary hourly rates of pay excluding bonuses: all sectors by state, original (financial year index numbers for year ended June quarter)

[↓ Download XLS](#)

[87 KB]

Table 8b. Ordinary hourly rates of pay excluding bonuses: all sectors by state, original (quarterly index numbers)

[↓ Download XLS](#)

[128 KB]

Table 9a. Ordinary hourly rates of pay excluding bonuses: sector by industry, original (financial year index numbers for year ended June quarter)

[↓ Download XLS](#)

[214.5 KB]

Table 9b. Ordinary hourly rates of pay excluding bonuses: sector by industry, original (quarterly index numbers)

[↓ Download XLS](#)

[409.5 KB]

All WPI series: original (quarterly index numbers)

[↓ Download XLS](#)

[337 KB]

All WPI Series: original (financial year index numbers for year ended June quarter)

[↓ Download XLS](#)

[272 KB]

All time series spreadsheets

[↓ Download ZIP](#)

[957.94 KB]

Data cubes - 63450. Distribution of expenditure on wages, wage price index, Australia

[↓ Download XLSX](#)

[157.26 KB]

Previous catalogue number

This release previously used catalogue number 6345.0.

Using price indexes

Price indexes in contracts

Price indexes published by the Australian Bureau of Statistics (ABS) provide summary measures of the movements in various categories of prices over time. They are published primarily for use in Government economic analysis. Price indexes are also often used in contracts by businesses and government to adjust payments and/or charges to take account of changes in categories of prices (Indexation Clauses).

[Use of Price Indexes in Contracts \(https://www.abs.gov.au/websitedbs/D3310114.nsf/home/Inflation+and+Price+Indexes+-+Use+of+Price+Indexes+in+Contracts\)](https://www.abs.gov.au/websitedbs/D3310114.nsf/home/Inflation+and+Price+Indexes+-+Use+of+Price+Indexes+in+Contracts) sets out a range of issues that should be taken into account by parties considering the inclusion of an Indexation Clause within a contract utilising an ABS published price index.

Frequently asked questions

The [Wage Price Index FAQs \(https://www.abs.gov.au/websitedbs/D3310114.nsf/home/Wage+Price+Indexes+FAQs\)](https://www.abs.gov.au/websitedbs/D3310114.nsf/home/Wage+Price+Indexes+FAQs) page has answers to a number of common questions to do with price indexes and the Wage Price Index, in particular.

Post-release changes

23 August 2021: The WPI trend estimates in Table 1 of the Data downloads has been updated.

Methodology

[Wage Price Index, Australia methodology, June 2021](#)